



# Gulf of Mexico Energy Security Act of 2006 (GOMESA)

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OCS Policy Committee Meeting  
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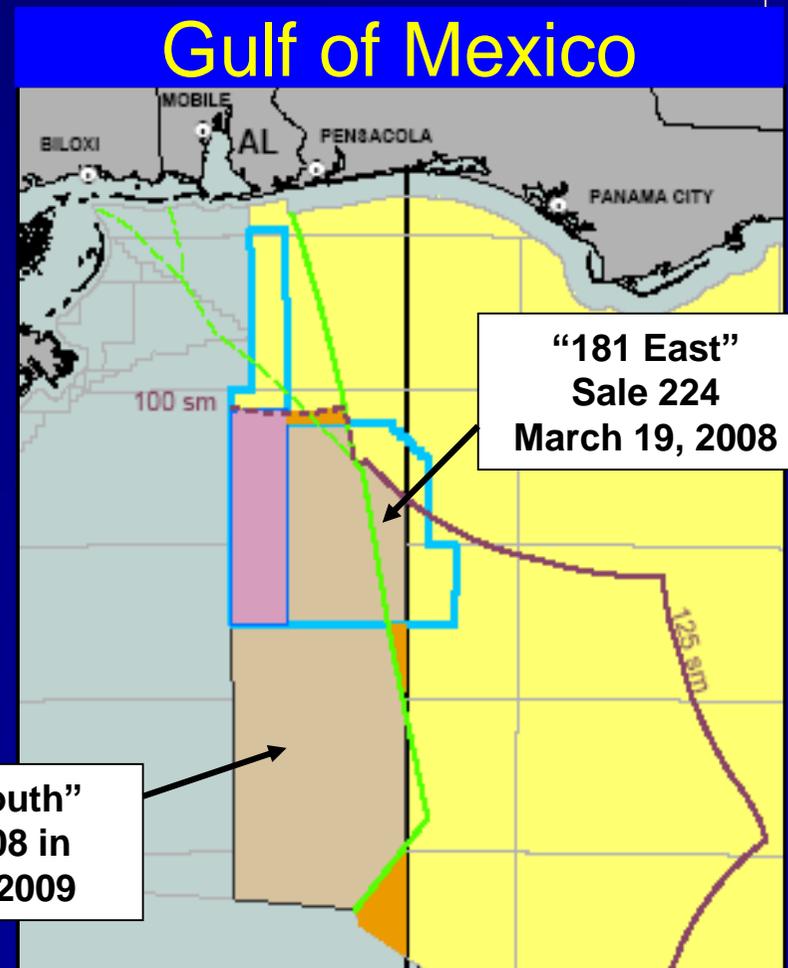
# Main Components of GOMESA

1. Updated Moratoria Designations
2. Credits for Lease Exchanges
3. Revenue Sharing:
  - ✓ Alabama
  - ✓ Louisiana
  - ✓ Mississippi
  - ✓ Texas



# Updated Moratoria Designations

- Access to new areas: within and south of “181 area”
- Moratoria extended to June 30, 2022:  
(yellow area of map)
  - ✓ Eastern Planning Area – within 125 miles of Florida
  - ✓ East of Military Mission Line – All tracts
  - ✓ Central Planning Area – within 100 miles of Florida



# Credits for Exchanged Leases

- Eligibility: Certain leases
  - ✓ within 100/125 miles of Florida coast
- 79 leases (acquired 1984 – 1990)
- Credits=total bonuses and rentals
  - ✓ Payable to all current owners based on percent ownership; Transferable
- Total value=\$60 million
- Use credits for:  
Cash Bonus or royalties  
in Gulf of Mexico, non-8(g)

## Proposed Rule

### MMS Credit Program

- Federal Register Notice:  
February 1, 2008
- 60-day comment period

# GOMESA Revenue Sharing Areas

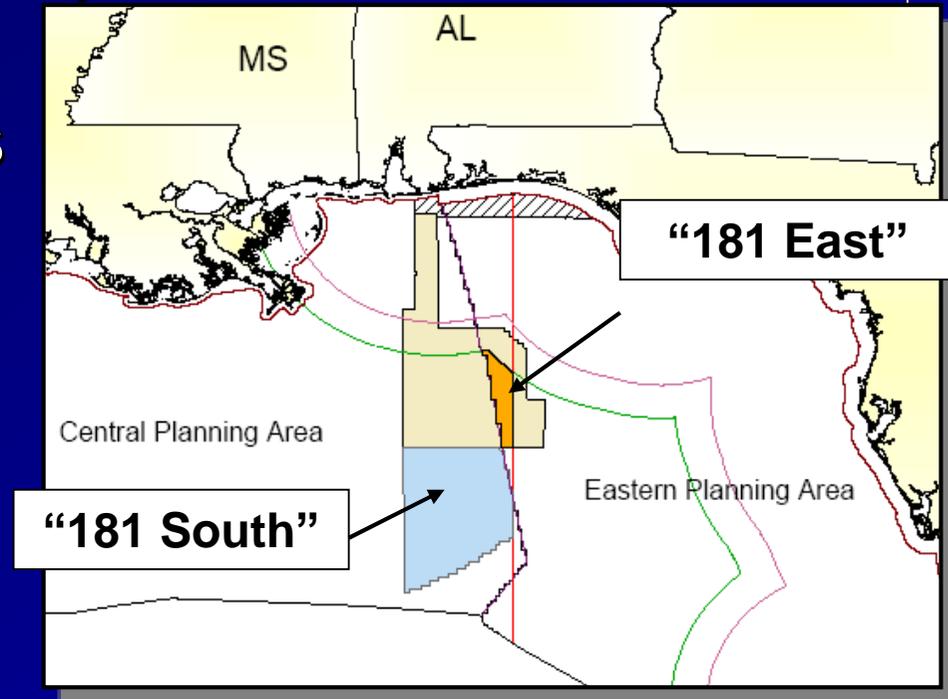
- FY 2007 – FY2016

Sharing of revenues only from:

- ✓ “181 east” leases
- ✓ “181 South” leases

- FY 2017 and after

Sharing of revenues from all Gulf leases issued after December 20, 2006



# Revenue Sharing

- Begins in FY2009
- 37.5% of “qualified revenue” to States and coastal political subdivisions
  - 4/5 (30%) to 4 Gulf Coast States
  - 1/5 (7.5%) to 42 Subdivisions
- 62.5% Federal Share
  - 1/5 (12.5%) to LWCF
  - 4/5 (50%) to Treasury

## “Qualified Revenues”

•Cash Bonuses

•Selected Rentals

•Royalties

(including RIK sales, except  
SPR transfers)

# Uses of GOMESA Funds

- Coastal Protection
  - ✓ Conservation; Restoration; Hurricane Protection
- Mitigation of damage to animals or natural resources
- Mitigation of effects from OCS activities through onshore infrastructure projects
- Associated planning and administrative costs



# Implementing GOMESA Revenue Sharing Program

## Rulemaking—2 stages

### 1. First phase of sharing

- ✓ MMS now designing regulatory requirements
- ✓ FY 2007-2016 revenue sharing
- ✓ Proposed rule—later this year

### 2. Second phase of sharing

- ✓ FY 2017 and beyond
- ✓ Subsequent rulemaking

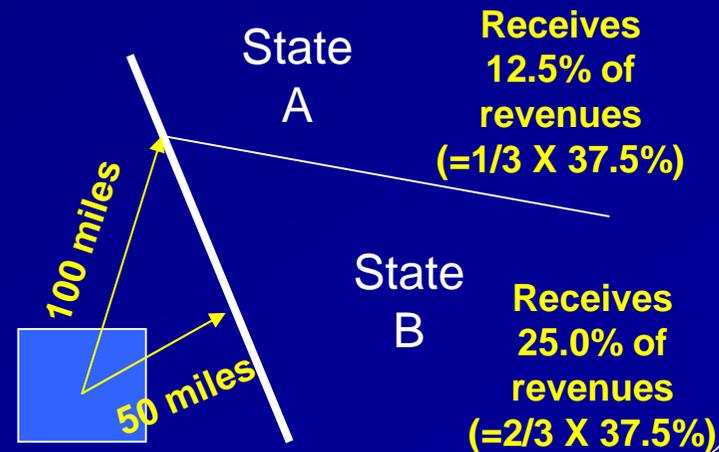
# Revenue Sharing Allocation Formula

- State shares:
  - ✓ Formula based on “inverse distance” between the lease and the coastline
  - ✓ All eligible tracts weighted equally

- Example

State A =  $1/100$  or .01

State B =  $1/50$  or .02



# Revenue Sharing Allocation Formula

- Coastal Political Subdivision shares:
  - ✓ Formula partially based (50%) on “inverse distance” between the lease and the perimeter of each subdivision
  - ✓ Remainder of share (50%) based on:
    - Relative population (25%)
    - Relative coastline length (25%)

# Estimated State Revenue Sharing FY2008-FY2016

	States			
Area	TX	LA	MS	AL
181 in the eastern planning area	11% (±3%)	32% (±3%)	27% (±3%)	30% (±3%)
181 south	14% (±3%)	34% (±3%)	26% (±3%)	26% (±3%)